Increase in prices of price-decontrolled formulation

419. SHRI H. HANUMANTHAPPA:
CHOWDHARY RAM SEWAK:

Will the PRIME MINISTER be pleased to refer to the answer to starred Question No. 401 given in Rajya Sabha on 19-12-1991 and state:

(a) whether it is a fact that under Form 2 of DPCO, 1987 manufacturers were required to give details before effecting increase in prices of price-decontrolled formulations;

(b) whether it is also a fact that this form was modified to Form-2A with a view to eliminate all the details subsequently;

(c) if so, what was the objective for, which the form was amended;

(d) the details of information asked in those columns which have been deleted.

(e) whether it is also a fact that without that information, the justification of price increase cannot be established; and

(f) if so, what are the basis on which justification in prices can be established?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) and (b) Yes; Sir.

(c) to (f) Since the provision of paragraph 11 of DPCO, 1987 required only the information to be furnished by the manufacturers and importers of non-scheduled formulations, in whose cases prices were not required to be fixed by the Government, Form 2A was introduced with the objective to simplify the format in these cases by retaining only the broad headings of various cost elements necessary to determine the increase affected. However, in the case of undue increases in the prices of non-scheduled formulations Government is always free to call for further detailed information to determine the justification of price increase.

Overinvoicing of Imported Drugs

420. CHOWDHARY RAM SEWAK: Will the PRIME MINISTER be pleased to refer to the answer to Starred Question 417 dated 19-12-91 in Rajya Sabha and state:

(a) whether it is a fact that instances of overinvoicing of imports of Cefotaxim, Ceftazidim, Carbamazepine and several other drugs have been brought to the notice of Government;

(b) if so, the details thereof;

(c) whether it is also a fact that Government are collecting data from the ports, importwise and companywise, and also subscribing the daily list of imports and other documents;

(d) if so, the objective and the purpose being served by collecting such information;

(e) whether it is also a fact that instead of taking action and rectifying overinvoicing such activities are shielded; and

(f) what steps have been taken to check and fix responsibility?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) and (b) A number of complaints were received alleging overinvoicing of imports of Cefotaxim and other drugs by drug companies. The details of such complaints are given in the statement. (*See* below)

(c) and (d) The portwise imports and company-wise imports are not monitored by this Ministry.

(e) and (f) The cases of over-invoicing were referred to Directorate of Revenue Intellegence/Enforcement Directorate. After obtaining requisite clarifications/reasons from the concerned companies in respect of import prices of their bulk drugs being much higher than the import prices charged by other foreign suppliers, Enforcement Directorate did not find any evidence to conclude contravention of the provisions of Section 8(3) and (4) of Foreign Exchange Regulation Act, 1973.

In these circumstances, the Enforcement Directorate have decided to treat the matter closed unless this Ministry furnishes some specific material which would bring the case within the purview of the provisions of Section 8(3) and (4) of Foreign Exchange Regulation Act, 1973.

Statement

Cases relating to overinvoicing of imports

Sl. No.	Name of the Company	Name of the Drug/intermediate in respect of which overinvoicing have been alleged.
1.	M/s. Sandoz	Thioridazine
2.	M/s. Hoechst	Cefatoxim Sodium
3.	M/s. Roussel	do.
4.	Rifampicin Producers	Intermediates of Rifampicin
5.	M/s. Cadila Labs.	Dexamethasone and its intermediates.
6.	M/s. German Remedies	Dipyridamol
7.	M/s. Bombay Paxwell	Tioc
8.	M/s. Chemifine	Tioc
9.	M/s. Hoechst	Analgin
10.	M/s. Lupin	D-Tartaric Acid
11.	M/s. Cadila	D-Tartaric Acid
12.	M/s. Burroughs Wellcome	Triprolidine Hcl.
13.	Other references from M.P.'s have been received alleging overinvoicing in the following drugs	Chlorompromazine Triflupiperazine Imipramine Trimipramine Polymixin B Sulphate Glipizide Pyrithyldone Zinc Becitracin Telnaftate Fluocinolone Acetonide Oxyfadrine Hcl. Hyescine N. Butyl bromide Pyrithoxine L-Depa Mitomycin.